

Emperor Entertainment Hotel Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) principally engages in provision of hospitality services, which covers five hotels and serviced apartments in Hong Kong and Macau, as follows:

- The Emperor Hotel (“Emperor Hotel”), The Unit Serviced Apartments (“The Unit”) and MORI MORI Serviced Apartments (“MORI MORI”) in Hong Kong, which were newly acquired in May 2021 (the “Acquisition”))
- Grand Emperor Hotel (“Grand Emperor Hotel”) and Inn Hotel Macau (“Inn Hotel”) in Macau

About Emperor Hotel

Emperor Hotel, a 29-storey hotel in Wan Chai, is the Group’s signature project in Hong Kong. It offers 299 guest rooms together with leisure, dining and parking facilities, with a gross floor area of approximately 115,700 square feet. Emperor Hotel creates a comfortable experience, catering to the lifestyles of both leisure and business travellers. Golden Valley, a Cantonese & Sichuan cuisine within the hotel, had been rated as a Michelin 1-star restaurant.

About The Unit

The Unit, a 21-storey, 68-unit block in Happy Valley, is a highly sought-after residence given its ease of access to the central business district. The area is vibrant, conveniently located near Hong Kong’s commercial districts, and affords easy access to the shopping districts in Causeway Bay, Hong Kong Jockey Club and Hong Kong Stadium for international sports events, and Hong Kong Sanatorium & Hospital for medical check-ups, helping to ensure solid short-term leasing demand.

About MORI MORI

Situated at the vibrant junction of Wan Chai and Causeway Bay, MORI MORI provides 18 stylish serviced apartments for expats, MICE visitors, business travellers and overseas professionals, on short-and long-term leases. With state-of-the-art facilities and professional customer services, MORI MORI redefines the contemporary way of life.

About Grand Emperor Hotel

Located on the Macau Peninsula, Grand Emperor Hotel is a 26-storey hotel with a gross floor area of approximately 655,000 square feet and 311 guest rooms. It offers a wide range of amenities including fitness centre, sauna and spa facilities, as well as 5 restaurants and bars boasting fine cuisines from all around the world. With strong

commitment to providing guests with unparalleled hospitality experience, the Group delivers consistently top-quality services that translate into high levels of customer satisfaction and loyalty.

About Inn Hotel

Located at the heart of Macau's Taipa Island, Inn Hotel is a 17-storey hotel with a gross floor area of approximately 209,000 square feet and 287 guest rooms. Through extending business coverage from the Macau Peninsula to Taipa, it enables the Group to fully capture the potential of Macau's hospitality market.

RESULTS

Although market sentiment was yet to fully recover from the impact of the Covid-19 pandemic, the Group's total revenue increased by 37.8% to HK\$415.9 million (2021: HK\$301.9 million) during the year ended 31 March 2022 (the "Year"). Due to a significant increase in fair value loss and impairment losses during the Year, loss for the Year attributable to the owners of the Company of HK\$528.3 million (2021: HK\$177.6 million) was recorded. Basic loss per share was HK\$0.44 (2021: HK\$0.15). The total dividends for the Year are HK\$0.065 (2021: HK\$0.030) per share, which comprised the special dividend of HK\$0.050 (2021: Nil) per share distributed in June 2021 and the interim dividend of HK\$0.015 (2021: HK\$0.015) per share.

MARKET REVIEW

During the Year, the entry restrictions and quarantine measures were still enforced within the Greater Bay Area due to the fluctuating Covid-19 pandemic situation, resulting in the operating environments of the tourism and hospitality sectors generally remaining challenging. With life gradually returning to normal while there are still limitations on outbound travel, domestic consumption and entertainment demand have gradually regained momentum, and there has ever been some revival in visitor arrivals to Hong Kong and Macau. Nevertheless, in the second half of the Year, various policies announced by the Chinese government plus credit crises facing the mainland China property industry have adversely impacted China's economy; meanwhile, the Omicron variant of Covid-19 has driven the numbers of cases to new highs in Hong Kong, hindering the market recovery.

BUSINESS REVIEW

Hotels and Serviced Apartments Revenue

The Group's revenue base of hotels and serviced apartments was widened after the Acquisition, and its revenue increased by 67.3% to HK\$155.3 million (2021: HK\$92.8 million) during the Year. Total room revenue was HK\$53.3 million (2021: HK\$29.5 million). Total food and beverage revenue was HK\$77.4 million (2021: HK\$48.6 million), while the rental income and other revenue totalled HK\$24.6 million (2021: HK\$14.7 million).

Gaming Revenue

Due to the gradual improvement of entertainment and consumption sentiment, the Group's gaming revenue increased by 24.6% to HK\$260.6 million (2021: HK\$209.1 million). Revenue from the mass market hall was HK\$179.0 million (2021: HK\$138.0 million), while revenue from the VIP room was HK\$65.0 million (2021: HK\$55.6 million).

OUTLOOK

Despite a moderate revival of the hospitality sector during the Year, there was a setback with the emergence of Omicron cases in Hong Kong and Macau in early 2022, and hence intermittent resumption of stringent measures. This inevitably led to delays in reopening of borders between mainland China, Hong Kong and Macau, which in turn impeded full market recovery.

Recently, governments across the world have started to ease travel restrictions and opened to travel, serving as a catalyst for the global tourism industry. Hong Kong's strategic location and business environment, coupled with its gastronomy and shopping experience, make the city unique in terms of business and leisure. Macau will also continue striving to expand the spectrum of visitor sources and spur a tourism revival, in order to become a world centre of tourism and leisure. Hong Kong and Macau complement each other in terms of experiences, and the well-established transportation network between the two cities, which make them a popular multi-destination travel itinerary for travellers, plus vaccination coverage is increasing and new medicines for Covid-19 are being developed. Hence, despite the continued uncertainties in the near term, the Group remains optimistic about the sector's long-term growth prospects, and is set to reap the benefits when the sector fully rebounds.

FINANCIAL INFORMATION

Capital Structure, Liquidity and Financial Resources

During the Year, the Group utilised approximately HK\$2,048.8 million for the Acquisition, hence its aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits decreased to HK\$1,049.9 million (2021: HK\$3,340.1 million) as at 31 March 2022, which is mainly denominated in Hong Kong dollar (2021: Hong Kong dollar and Renminbi). The Group continued to maintain a strong financial position and funded its operations and capital expenditure by cash generated from its operations and deposits reserved at the banks. During the Year, the Group was not exposed to significant foreign exchange rates as most of the Group's assets, liabilities and transactions were transacted at and denominated in the functional currency of its foreign operations.

The Group's current assets and current liabilities as at 31 March 2022 were HK\$1,129.9 million (2021: HK\$3,458.1 million) and HK\$309.2 million (2021: HK\$357.3 million), respectively. As at 31 March 2022, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (2021: the advances from non-controlling interests of a subsidiary of HK\$39.0 million), which were denominated in Hong Kong dollar, unsecured and interest-free, among which HK\$39.0 million was repayable at the discretion of non-controlling interests and availability of surplus fund of a subsidiary, and the remaining HK\$0.5 million was repayable by another subsidiary after payment of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The Group was in a net cash position as at 31 March 2022 and hence its gearing ratio (calculated as net debt divided by total equity) was zero (2021: zero).

During the Year, the Company had repurchased 12,270,000 shares (the "Repurchased Shares") of its own shares from the market using internal resources, at an aggregate consideration of HK\$14.6 million, and an average price of HK\$1.187 per share. The Repurchased Shares had been cancelled during the Year, and hence the total number of issued shares of the Company right after its cancellation was reduced by about 1.0% to 1,197,305,983 (2021: 1,209,575,983) shares and its issued share capital was HK\$120,000 (2021: HK\$121,000) as at 31 March 2022. Having considered the Group's strong cash reserves, the Directors believe the share repurchases would enhance value to the Company's shareholders and benefit the Company and its shareholders as a whole.

Pledge of Assets

As at 31 March 2022, assets with carrying values of approximately HK\$1.7 billion (2021: HK\$2.0 billion) were pledged to two banks as security for banking facilities of a total of HK\$520.0 million (2021: HK\$520.0 million). The facilities remained undrawn and available as at 31 March 2022 and 2021. In addition, the Group has a bank deposit of HK\$64.1 million (2021: HK\$63.0 million) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas 64.5 million (equivalent to HK\$62.6 million) in favour of SJM Resorts, S.A. (“SJM”) for the Group’s fulfilment of all its obligations, as stipulated under the service agreement and the addendum (collectively referred to as the “Service Agreements”) between the Group and SJM, and another bank deposit of HK\$0.4 million (2021: HK\$0.4 million) pledged as security deposit for the use of ferry ticket equipment provided by a third party.

Acquisition of Subsidiaries

On 28 May 2021, an indirect non-wholly owned subsidiary of the Company completed the acquisition of the entire equity interest of Poly Keen International Limited (“Poly Keen”) and the loan due by Poly Keen to a direct wholly-owned subsidiary of Emperor International Holdings Limited (“Emperor International”), being the parent company of the Company, at a cash consideration of HK\$2,048.8 million, details of which were set out in the joint announcement of the Company and Emperor International dated 16 March 2021 and the Company’s circular dated 30 April 2021. Poly Keen and its subsidiaries (collectively referred to as “Poly Keen Group”) are principally engaged in the hospitality business and property investment in Hong Kong. Upon completion of the Acquisition, the Group widened the sources of income by expanding its hospitality business coverage beyond Macau, to also include Hong Kong.